

THE ATTORNEY GENERAL  
STATE OF UTAH

Ante to: Tom T.  
Jim Smith  
Paula FV  
There: File in Atlas  
Minerals File  
APR 10 1983

DAVID L. WILKINSON  
ATTORNEY GENERAL

PAUL M. TINKER  
DEPUTY ATTORNEY GENERAL

RICHARD L. DEWSNUP  
Solicitor General

FRANKLYN B. MATHESON, Chief  
Governmental Affairs Division

ROBERT R. WALLACE, Chief  
Litigation Division

WILLIAM T. EVANS, Chief  
Human Resources Division

DONALD S. COLEMAN, Chief  
Physical Resources Division

MARK K. BUCHI, Chief  
Tax & Business Regulation Division

April 19, 1983

James A. Holtkamp  
Van Cott, Bagley, Cornwall & McCarthy  
Attorneys at Law  
Suite 1600  
50 South Main Street  
Salt Lake City, Utah 84144

DIVISION OF  
OIL, GAS & MINING

JIM  
APR 26 1983

Dear Jim:

This letter is in response to your letter of March 30, 1983 in which you expressed your concern over the additional requirements imposed on the Atlas Surety contract by the Board of Oil, Gas and Mining. In the process of reviewing the contract prior to signing, the Board determined that, since the form was a "self bond," continuing financial data and other clauses should be inserted.

As you know, the Board has been grappling with the "self bond" form for several months. Most of the concerns of the members center upon their duty to adequately protect the State of Utah should an operator fail to carry out its reclamation obligations. In response to these concerns, three clauses have been drafted and are required in all prospective "self bond" surety contracts. These are:

1. Annual submittal of financial data in the form of a 10-K report;
2. If the operator is a subsidiary, a corporate guaranty from the parent corporation is required; and
3. If the Board at any time in the future determines that the "self bond" form of surety is not adequate protection for the State, then, after 90 days written notice to the operator, the contract is rescinded.

You will notice that number three, above, is not operator specific, but the clause will operate to rescind all self bond surety agreements should the Board make the determination that self bonding will no longer be accepted.



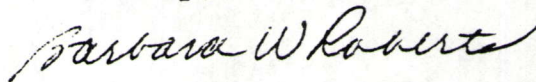
James A. Holtkamp  
April 19, 1983  
Page Two

To answer your letter specifically, if Atlas would like to be heard by the Board regarding these matters, you may call the Division of Oil, Gas and Mining and ask to be heard before the Board. Prior approval as to form, i.e., the self bond as opposed to some other surety agreement, was given but the substance of the contract had not been approved by the Board. Final approval of a surety contract is effective on the date it is signed by the Board.

It is clear that neither the surety contract nor any of the extraneous proposals or agreements accomplish the purpose of the rescission clause and the requirement for periodic financial data.

I appreciate the inconvenience that this requirement imposes on an already lengthy process. If there is anything that I or the Division can do to help you on this matter, please contact us.

Sincerely,



BARBARA W. ROBERTS  
Assistant Attorney General

BWR/gh